

## Message Text

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45

ACTION SS-30

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /031 W  
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P 190920Z JAN 74

FM AMEMBASSY KHARTOUM  
TO SECSTATE WASHDC PRIORITY 7594  
INFO USINT CAIRO PRIORITY  
AMEMBASSY JIDDA PRIORITY  
AMEMBASSY PARIS PRIORITY  
AMEMBASSY AMMAN PRIORITY

S E C R E T KHARTOUM 0111

EXDIS

AMMAN FOR SECRETARY

E.O. 11652: N/A

TAGS: ENRG, PFOR, SA, SU

SUBJ: ENERGY: SAUDI/SKAFSE OIL ACCORD REPORTEDLY REACHED

1. SUMMARY. ACCORDING KEY SUDANESE NEGOTIATOR, SAG HAS AGREED PROVIDE SUDAN WITH ITS OIL REQUIREMENTS AT WORLD PRICES, INCLUDING 10 MILLION TON EXPORT REFINERY PORT SUDAN TO BE BUILT BY CFP. DEAL APPARENTLY PART BROAD COOPERATION BETWEEN KING FAISAL AND PRESIDENT NIMEIRI WHICH WILL INCLUDE CONTINUING DIPLOMATIC INITIATIVES BY LATTER VIS-A-VIS USG DESIGNED FACILITATE LIFTING OIL BOYCOTT AND RETURN NORMAL CRUDE PRODUCTION. END SUMMARY.

2. MINSTATESPEC PRESIDENTIAL AFFAIRS DR. BAHIA AL-DIN IDRIS RETURNED JAN 17 KHARTOUM AFTER TWO WEEKS ABSENCE DURING WHICH HE SHUTTLED BETWEEN ROME, JIDDA AND PARIS. IDRIS TOLD ME PRIVATELY JAN 18 GOS HAS REACHED AGREEMENT IN PRINCIPLE WITH SAG RE PROVISION SAUDI OIL BOTH (A) TO MEET SUDANESE DOMESTIC REQUIREMENTS (WHICH WE ESTIMATE AT SOME 1.1 MILLION TONS); AND (B) TO FURNISH ADDITIONAL 10 MILLION CRUDE ANNUALLY TO NEW REFINERY TO BE BUILT AT PORT SUDAN BY COMPAIGNIE FRANCAISE DES PETROLES

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(CFP) FOR EXPORT ONLY. ACCORDING IDRIS, PRESENT PETROLEUM SUPPLY ARRANGEMENTS, UNDER WHICH SUDANESE REQUIREMENTS MET BY SHELL IMPORTS IRANIAN CRUDE, NOT SATISFACTORY. (FYI: NOR HAVE THEY BEEN SATISFACTORY TO SHELL WHICH HAS IN

EFFECT BEEN FINANCING RECENT IMPORTS DUE GOS NON-PAYMENT INVOICES. END FYI). SAG HAS NOW AGREED PROVIDE BOTH CRUDE AND FINANCING IN FORM REVOLVING FUND WHICH WILL PERMIT CONSTRUCTION NEW REFINERY. OIL FURNISHED WILL BE AT WORLD PRICE. IDRIS ADMITTED GOS HAD SOUGHT SPECIAL DISCOUNT BUT SAUDIS HAD NOTED THEIR INABILITY GIVE SPECIAL TREATMENT ANY ONE COUNTRY ON PRICING. INITIAL CFP TEAM EXPECTED SUDAN SHORTLY AND FEASIBILITY STUDY EXPECTED BE COMPLETED BY END MARCH.

3. IDRIS SAID HE HAD SEEN KING FAISAL JAN 16. LATTER HAD BEEN AWARE IMMINENT CONCLUSION EGYPTIAN/ISRAELI DISENGAGEMENT AGREEMENT BUT STILL WANTED "NAIL DOWN CERTAIN THINGS" BEFORE RESUMING NORMANL OIL PRODUCTION. I COMMENTED THAT EGYPTIAN/ISRAELI ACCORD SHOULD CERTAINLY PROVIDE WHATEVER EXCUSE SAUDIS MIGHT FEEL THEY STILL NEEDED TO REVOKE THEIR RESTRICTIVE MEASURES. IDRIS AGREED BUT INDICATED FAISAL NOT YET READY TAKE THIS STEP. IN THIS CONNECTION, IDRIS SAID PRESIDENT NIMEIRI WISHED SEE ME AT EARLY DATE AND HE WOULD NOT WISH ANTICIPATE PRESIDENT'S PRESENTATION ON THIS SUBJECT.

4. COMMENT: IDRIS CLAIMED NEW PETROLEUM SUPPLY ARRANGEMENTS WILL MEAN SUDAN WILL RECEIVE BETTER TREATMENT RE OIL SUPPLIES THAN ANY OTHER AFRICAN COUNTRY, BUT, AS KEY NEGOTIATOR, HE MAY HAVE PUT OPTIMISTIC GLOW, ON WHAT HAS BEEN ACCOMPLISHED. IN RETURN FOR SUCH SPECIAL HELP, PRESIDENT NIMEIRI CLEARLY WILL REMAIN INTERESTED DOING WHATEVER HE CAN AT INTERNATIONAL LEVEL ASSIST KING FAISAL IN ATTAINMENT LATTER'S OBJECTIVES.

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